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| RULEMAKING TO ESTABLISH | § | PUBLIC UTILITY COMMISSION |
| ELECTRIC WEATERIZATION | § | |
| STANDARDS | § | OF TEXAS |

**OFFICE OF PUBLIC UTILITY COUNSEL’S COMMENTS
ON COMMISSION STAFF’S STRAWMAN RULE**

The Office of Public Utility Counsel (“OPUC”) respectfully submits these comments on the Strawman Rule proposed by the Staff of the Public Utility Commission of Texas (“Commission Staff”). Commission Staff’s Strawman Rule implements portions of SB 3 relating to the implementation of emergency preparedness measures for generation entities. OPUC generally supports Commission Staff’s Strawman rule and provides specific comments on the following items:

- OPUC does not see a need to provide additional cost recovery mechanisms to generation entities; and
- OPUC suggests that generation entities be required to report on actual performance of units for the prior year at weather percentiles that exceed the 90th percentile.

I. RESPONSES TO COMMISSION STAFF’S QUESTIONS

Commission Staff requested comment on the following questions:

1. *What is the availability of statistically reliable weather information from, e.g. the American Society of Heating, Refrigeration and Air Conditioning Engineers; National Weather Service, or other sources for the ERCOT power region. Please share the source of that information.*

OPUC does not have comments or information to provide regarding the availability of statistically reliable weather information.

2. *Do existing market-based mechanisms provide sufficient opportunity for cost recovery to meet the weather reliability standards proposed in the discussion draft? If not, what cost recovery mechanisms should be included in the proposed rule?*

OPUC does not believe it is necessary to provide additional cost recovery mechanisms in the proposed rule. From a consumer perspective, generators are compensated for weatherization through prices in the wholesale market. If an additional cost recovery mechanism is implemented, consumers will likely bare additional costs which are already being paid through current market mechanisms. Therefore, OPUC does not believe an additional cost recovery mechanism is warranted.

II. COMMENTS ON NEW 16 TEXAS ADMINISTRATIVE CODE (TAC) § 25.55

PUC Staff's Strawman rule in Project Number 51840 proposes new 16 TAC § 25.55. The Strawman rule, 16 TAC § 25.55 (c) would require ERCOT to prepare a weather study that includes statistical probabilities of a range of extreme weather scenarios for different weather zones in the ERCOT region. The Strawman, 16 TAC § 25.55 (d)(1) further requires generation entities to maintain weather preparation measures that reasonably ensure that its resource can provide service at the resource's applicable rated capability as defined under the 95th percentile of each of the extreme weather scenarios.

The proposed Strawman in 16 TAC § 25.55 (d)(2) allows a generation entity to provide an enhanced weather reliability service procured by ERCOT if the generation entity elects to maintain weather preparation measures that reasonably ensure its resource can provide service at the 98th percentile of extreme weather scenarios. The proposed Strawman, 16 TAC § 25.55 (d)(3) requires entities providing Black Start Service to maintain its resources to perform at the 99.7th percentile of extreme weather scenarios.

Additionally, the Strawman requires ERCOT to inspect generation resources at least once every three years to ensure compliance with the rule. It also requires ERCOT to provide a report of its inspection to the generation entity. If compliance is not met, ERCOT will provide the generation entity with a reasonable period to cure the deficiencies. The Commission will impose an administrative penalty on a generation entity that fails to cure the deficiencies within a reasonable period of time.

OPUC believes that the Strawman rule provides a good balance between requiring weatherization at a basic level and providing additional incentives for generators to weatherize at a higher level. Electricity reliability is extremely important to the consumers OPUC represents.

Many residential and small commercial consumers are dependent on electricity for survival during extreme weather conditions. In addition, other services consumers need, such as natural gas and water, are also dependent on reliable electricity.

OPUC supports the proposed inspections of the generation resources and believes that administrative penalties for non-compliance are necessary and appropriate for ensuring Texas consumers receive reliable electric service. OPUC would propose that the commission require generation entities to report to ERCOT and the Commission each year on the performance of its units during weather conditions above the 90th percentile, as follows:

16 TAC § 25.55 (f)(2) Annual report. Each generation entity must submit an annual report to ERCOT no later than November 1 of each year that addresses compliance with subsection (d) of this section. The report must include the name of the generation entity, a list of the generation entity's resources, a summary of activities related to compliance, a report of actual performance from the prior year for each unit at each percentile exceeding the 90th percentile of extreme weather scenarios, and all other information prescribed by ERCOT in its market rules. The annual report must also include a notarized affidavit sworn to by the chief executive officer of the generation entity, attesting that each of the generation entity's resources is in compliance with subsection (d) of this section.

III. CONCLUSION

OPUC appreciates the opportunity to provide these comments on the Strawman Rule and looks forward to working with Commission Staff and other stakeholders in this project.

Date: July 30, 2021

Respectfully submitted,

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